

C O . N C I L      C O M M U N I C A T I O N

TO : THE CITY COUNCIL  
FRGM: THE CITY MANAGER'S OFFICE

COUNCIL MEETING DATE  
September 28, 1988

SUBJECT: APPROVE RENEWAL AGREEMENT WITH ADJUSTCO (FORMERLY LEONARD J. RUSSO INSURANCE SERVICES, INC.) FOR WORKERS' COMPENSATION CLAIMS ADMINISTRATION FOR 1988-89 AND AUTHORIZE THE CITY MANAGER AND CITY CLERK TO EXECUTE THE AGREEMENT.

PREPARED BY: Assistant City Manager

RECOMMENDED ACTION: That Council approve the renewal of the Workers' Compensation Administration Contract with ADJUSTCO (formerly Leonard J. Russo Insurance Services, Inc.) covering the period of July 1, 1988 through June 30, 1989 and authorize the City Manager and City Clerk to execute the fetter agreement on behalf of the City.

Submitted for City Council approval is the renewal of the agreement with ADJUSTCO (formerly Leonard J. Russo Insurance Services, Inc.) for workers' compensation administration for 1988-89.

After some negotiations ADJUSTCO will continue to perform the services for the same base cost as last year of \$26,110. However, the cost for additional claims over a minimum of 115 per year will be \$277.04 instead of \$152.69.

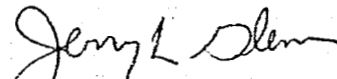
The proposed fee will be \$26,110 for the first 115 claims.

\$227.04 per claim for those filed in excess of 15.

From July 1, 1987 through June 30, 1988, 119 workers' compensation claims have been filed against the City of Lodi.

ADJUSTCO has provided workers' compensation administration to the City of Lodi since October 1983. We have been most pleased with their quality of service and the effective and efficient manner in which they have administered workers' compensation claims on behalf of the City.

Respectfully submitted,



Jerry L. Glenn  
Assistant City Manager

JLG:br

Attachment

COUNC430

# ADJUSTCO

Corporate Offices

2200 Powell Street • Suite 400 • Emeryville, CA 94608  
(415) 547-3110 • FAX (415) 547-6157

SEP 12 '88  
City Manager's Office

September 6, 1988

The City of Lodi  
221 W. Pine Street  
Lodi, CA 94530

Att: Jerry Glenn, Assistant City Manager  
RE: 1988-89 Workers Compensation Contract Renewal

Dear Jerry:

At long last, here is the letter I promised which addresses the proposed fee for the 1988-89 contract year.

While the anticipated claims volume for the last four years was estimated at 170 claims/year, the claims count for the past two years has actually been:

1987-88	119 claims
1986-87	110 Claims

$$\frac{229}{2} = 114.5 \text{ Average}$$
  
(Figures taken from the accounting file)

The current rate of compensation is \$26,110 for 171 claims. Claims over 171 are billed at \$152.69.

Last year the profit and loss statement looked like this:

Revenue generated: ~~\$26,110~~: \$26,110:

## Operating Expenses

1 Supv. @ 40,000 @ 20%	= \$ 8,000
1 Exam. @ 26,000 @ 20%	= \$ 5,200
1 Asst. @ 15,000 @ 20%	= \$ 3,000

	\$16,200
Benefits @ 30%	\$ 4,860
	\$21,060
Data Processing	\$ 1,200
	\$22,260
Overhead 20%	\$ 4,452
	\$26,712
	=====
Loss	\$ <602>

City of Lodi  
September 6, 1988  
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As you can see, we lost approximately \$602 on the program.

During our recent phone conversation you stated that the City felt a more reasonable fee arrangement would be to multiply the yearly claims average by the rate of \$171. per claim. This would allow us revenue of only \$19,665 for the next contract year. The estimated loss to Adjustco would be approximately \$6,445, and we would not be able to provide quality service to Lodi if this were the case. We want to remain a healthy organization that will provide the best possible resources for the City of Lodi.

We suggest that the current fee schedule remain in place for 1988-89 contract year, thus;

\$26,110 for 115 claim.  
Claim in excess of 115 will be billed at \$227.04 each.

This rate is much lower then those we are quoting to our new and prospective clients, somewhere in the range of \$250-\$300 per claim.

Jerry, we value our long standing relationship with the City of Lodi and we wish to remain your administrator far into the future. We feel we are providing an excellent service to you and your comments during our meeting of May 23rd, indicated that you feel the same.

If you are in agreement with our compromise proposal, please sign in the space provided below.

As always, I appreciate the professionalism of you and your colleagues at the City of Lodi.

Very truly yours,

*Mara Rigel*

Mara Rigel  
Manager  
Customer Service

\_\_\_\_\_  
The City of Lodi  
By Thomas A. Peterson, City Manager

\_\_\_\_\_  
Date

Attest:

Alice M. Reinche, City Clerk

cc: Rebecca Decker  
Paul Weiss

C O U N C I L      C C M M U N I C A T I O N

TO : THE CITY COUNCIL  
FROM: THE CITY MANAGER'S OFFICE

COUNCIL MEETING DATE  
AUGUST 3, 1988

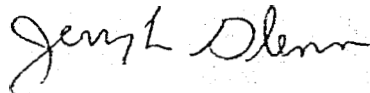
SUBJECT: APPROVE RENEWAL AGREEMENT WITH ADJUSTCO (FORMERLY LEONARD J. RUSSO INSURANCE SERVICES, INC.) FOR WORKERS COMPENSATION CLAIMS ADMINISTRATION FOR 1988-89 AND AUTHORIZE THE CITY MANAGER AND CITY CLERK TO EXECUTE THE AGREEMENT.

PREPARED BY: Assistant City Manager

RECOMMENDED ACTION : The City received a proposal for Workers' Compensation Administration from ADJUSTCO (L.J. Russo). Because of a reduction in claims, we feel a lesser rate is appropriate and are in the midst of negotiations with ADJUSTCO.

We are hopeful we will have an agreement by the August 3 meeting.

Respectfully submitted,

  
Jerry L. Glenn  
Assistant City Manager

JLG br

TXTA.07A COUNC408

C O U N C I L   C O M M U N I C A T I O N

TO : THE CITY COUNCIL  
FROM: THE CITY MANAGER'S OFFICE

COUNCIL MEETING DATE  
JULY 20, 1988

SUBJECT: APPROVE RENEWAL OF AGREEMENT WITH ADJUSTICO (FORMERLY LEONARD J. RUSSO INSURANCE SERVICES, INC.) FOR WORKERS COMPENSATION CLAIMS ADMINISTRATION FOR 1988-89 AND AUTHORIZE THE CITY MANAGER AND CITY CLERK TO EXECUTE THE AGREEMENT ON BEHALF OF THE CITY

PREPARED BY: Assistant City Manager

RECOMMENDED ACTION: That Council approve the renewal of the Workers Compensation Claims Administration Contract with ADJUSTICO (formerly Leonard J. Russo Insurance Services, Inc.) covering the period of July 1, 1988 through June 30, 1989 and authorize the City Manager and City Clerk to execute the letter agreement on behalf of the City.

Submitted for City Council approval is the renewal of the agreement with ADJUSTICO for workers compensation claims administration for 1988-89,

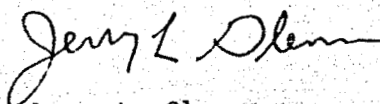
ADJUSTICO is requesting an approximate 11-1/2% increase to their current fees. The proposed fees, under this contract, would be:

- . \$17,100 for the first 100 claims.
- . \$171 per claim for those filed in excess of 100.

From July 1, 1987 through this date, 88 workers compensation claims have been filed against the City of Lodi.

ADJUSTICO has provided workers compensation claims administration to the City of Lodi since October 1953. We have been most pleased with their quality of service and the effective and efficient manner in which they have administered workers compensation claims on behalf of the city.

Respectfully submitted,



Jerry L. Glenn  
Assistant City Manager

JLG:br

TXTA.07A COUNC402